

D R A F T
Dated May 19, 2010



2009
ANNUAL REPORT
of the
ETHICS COMMITTEE
of the Chicago Transit Authority

Terry Peterson,
Chairman of the Chicago Transit Board

Richard L. Rodriquez,
President of the Chicago Transit Authority

Hon. Stephen Schiller,
Chairman of the CTA Ethics Committee

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INTRODUCTION

Section 4.7 (Powers and Duties), Section (i), of the Ethics Code of the Chicago Transit Authority, requires the Ethics Committee of the Chicago Transit Authority to “Prepare and publish, at least annually, reports summarizing the Ethics Committee's activities and to present such report to the Chairman and President.”

This Annual Report covers activities during calendar year 2009 – from January 1, 2009 to December 31, 2009.

CHAIR AND VICE –CHAIR

Section 4.2 of the Ethics Code requires the Chairman of the Authority to designate the chair and vice-chair of the Ethics Committee.

Chairman Carole L. Brown designated **Stephen Schiller** as chair and **Stephanie Cox-Batson** as vice-chair. The third member of the Ethics Committee is **Hugh Halverstadt**.

ETHICS ADVISOR AND STAFF

Section 4.13 of the Ethics Code requires that the General Counsel shall appoint from within the Law Department an Ethics Advisor to provide officers and employees with advice concerning the interpretation of and compliance with the Ethics Code and state ethics laws, and to refer matters to the Ethics Committee when Committee advice is needed. The General Counsel has appointed **Stephen L. Wood** of the CTA's Law Department as the CTA's Ethics Advisor.

The Ethics Committee is supported by CTA staff, including **Gregory Longhini**, Assistant Board Secretary, and staff in the Assistant Secretary's Office, as well as attorneys and other employees in the CTA Law Department.

MEETINGS FOR 2009

Section 4.4 of the Ethics Ordinance requires the committee to meet quarterly, unless otherwise determined by its members. The Ethics Committee did meet quarterly during the time period of this annual report.

Meetings occurred on March 26, May 6, June 24, and September 16, 2009.

Section 4.5 of the Ethics Ordinance requires that minutes of the committee's proceedings be kept. Copies of the minutes of the open session of the Ethics Committee are found in **Appendix I** of this annual report. Court reported transcripts of the meetings are available for inspection in the offices of the Ethics Committee.

MEETINGS FOR 2010

Consistent with requirements of the Illinois Open Meetings Act, the scheduled 2010 Ethics Committee meetings have been posted in a public location on the premises of the CTA Headquarters building and have been posted on the CTA's web site, www.transitchicago.com, in addition to being placed in the classified advertising section of the Chicago Tribune.

The scheduled meetings for the Ethics Committee are March 17, May 26, September 22, and November 17, 2010.

STATEMENTS OF FINANCIAL INTEREST

Section 3.4 of the Ethics Ordinance requires the Secretary of the CTA to certify to the committee the names and mailing addresses of CTA employees required to file the statements of financial interest. Assistant Board Secretary **Gregory Longhini** certified to the committee on [February 1, 2009], the names and addresses of those individuals. A copy of the certification is included in **Appendix II**.

[Total number] statements of financial interest were mailed by [March 1, 2009]. All statements were audited by the CTA's Inspector General. A redacted copy of the Inspector General's audit is included in **Appendix III** of the report. Also included is a copy of the Inspector General's audit of the 2008 mailing.

Section 3.6 of the Ethics Ordinance requires that every officer or employee, at the time he or she is hired, certifies that he or she has read and understood the Ethics Ordinance, if he or she qualifies as a reporting individual. The authority's Office of the Secretary and the Human Resources Department, in 2007, set up a procedure to verify compliance of this provision.

AMENDMENTS TO THE ETHICS CODE

After meeting regularly for two years, the Ethics Committee had been involved in several investigations and had an opportunity to apply and interpret the Ethics Code to a number of specific cases. As a result, the Ethics Committee recommended that the Transit Board make three changes to the Ethics Code in order to clarify and correct certain provisions of the Ethics Code (discussed below). Based on the Ethics Committee's recommendations, the Transit Board adopted an ordinance (No. 009-115) on October 21, 2009, amending the CTA Ethics Code.

Two of the recommended amendments clarified and expanded the language of the Code; the third corrected an error from the Code's 2004 version. The changes involved the following sections:

(1) *Procurement*: Section 2.3 of the Ethics Code prohibited any CTA employee from communicating with any CTA officer between the time an RFP (or invitation for bid, or letter of interest) was issued and the time the Purchasing Department made the contract award recommendation. In applying that language during the course of an investigation, the Ethics Committee concluded that section 2.3(b) should be amended:

(a) to make the rule reciprocal (and applicable equally to CTA officers as well as employees);

(b) to permit certain types of communications even if they occurred between the issuance of the procurement documents and the contract award recommendation so long as the communications were in writing; and

(c) to make certain types of communications in the normal course of business permissible without the need to be in writing.

The proposed amendment was drafted in conjunction with, and had been approved by, the CTA's Purchasing Department.

(2) *Nepotism*. Section 2.14 of the Ethics Code prohibited a CTA officer or employee from supervising a relative in the same department in which he or she serves. During the course of several investigations, the Committee concluded that there should be an exception for relatives who become employed in the same department as a result of the relative's exercise of "pick" rights under a union contract. While the relative would be permitted to pick into the employee's area of responsibility, the amendment requires that:

(a) the employee disclose the existence of the relationship to his or her supervisor;

(b) the employee refrain from having any personal involvement in the employee's terms or conditions of employment; and

(c) management make reasonable efforts to ensure that the employee not exercise authority, supervision, or control over the relative.

The proposed amendment was drafted in conjunction with, and approved by, the Deputy General Counsel, Labor.

(3) *Statements of Financial Interest*: Section 3.5 provides the procedure for addressing an officer or employee's failure to file a timely statement of financial interest. The language in section 3.5, however, incorrectly referred to the "board of ethics or, in the case of aldermen, the city clerk." That language was included inadvertently, and the proposed amendment corrected the error by referring to the Ethics Committee and deleting the reference to the board of ethics and the city clerk.

After the Transit Board adopted Ordinance No. 009-115, staff made the 2009 Ethics Code available on-line and arranged for publication of new hard copy version of the Code. The hard copy booklets were provided to all employees and officers who attended the post-amendment trainings, described below.

ETHICS EDUCATION SEMINARS

Pursuant to section 2.17 of the Code, ethics training-eligible CTA employees and officers are required to undergo training in the Ethics Code every four years or within six months of any amendment to the Code. The last company-wide ethics training occurred in 2005 and was scheduled to be repeated by the end of 2009; in addition, training was required due to the October 2009 amendment of the Code, discussed above. More than 800+ training-eligible employees were contacted to inform them of their duty to attend ethics training by the end of 2009. In addition to CTA employee training, training also was provided to all of the current members of the Chicago Transit Board, including the Chairman and newly-appointed board members.

A total of 19 ethics training sessions in November and December 2009, and a total of 818 employees received training (an additional 58 CTA employees attended the trainings even though they were not members of the mandatory training group). In total, 876 CTA employees attended trainings in November and December 2009. All sessions were held at CTA Headquarters, and took approximately 60 minutes each. A copy of the training session outline is included in **Appendix IV** of this Report. Training sessions covered the principal requirements of the code (conflicts of interest, gift ban, prohibited political activity, statements of financial interest), and highlighted the areas where the Code recently had been amended (conflict of interest, and nepotism).

Trainings were provided on the following dates:

November 2, 2009 – AM and PM sessions;
November 5, 2009 – AM session;
November 6, 2009 – PM session;
November 10, 2009 – AM and PM sessions;
November 12, 2009 – PM session;
November 16, 2009 – AM and PM sessions;

November 18, 2009 – AM and PM sessions;
November 19, 2009 – AM session;
November 20, 2009 – PM session;
November 23, 2009 – AM and PM sessions;
November 24, 2009 – AM session;
December 9, 2009 – AM session;
December 10, 2009 – AM session;
December 18, 2009 – PM session.

ROUTINE QUESTIONS TO ETHICS ADVISOR

Section 3.5 of the Rules and Regulations of the Ethics Committee provides that the Ethics Advisor is permitted to answer “routine questions” from CTA employees or others regarding the applicability of the Ethics Code to various situations. All such responses are provided to the General Counsel, or his designee, for review prior to being issued. The Ethics Advisor maintains a log of such routine questions, and the members of the Ethics Committee are provided with copies of the logs prior to the next regularly scheduled quarterly Ethics Committee meeting. During the reporting period, approximately 25 such questions have been received and answered. **Appendix V** contains a sample of the frequently asked questions (FAQs) received by the Ethics Advisor during the reporting period.

COMPLAINTS AND INVESTIGATIONS

The committee concluded its work on four complaints during the reporting period:

Complaint No. 080307: The committee completed its final Report and Recommendation for complaint 080307 during the reporting period. The complaint involved an allegation that a CTA employee had violated section 2.3(b) of the Ethics Code by communicating with another CTA employee about material aspects of a procurement after the Purchasing Department had issued the procurement documents but before the Purchasing Department had made a contract award recommendation. Following an investigation, the committee concluded that while there may have been a technical violation, there was insufficient evidence to sustain such a finding. The committee recommended that no further action should be taken on the complaint, but recommended to the Transit Board that section 2.3 of the Ethics Code be amended to provide for documented communications between employees and officers regarding pending procurements. On October 21, 2009, the Transit Board acted on the recommendation contained in the Report that section 2.3(b) of the Ethics Code be amended. The Transit Board’s concurrence on the Ethics Committee’s Report and

Recommendation for complaint 080307 is expected to occur in 2010.

Complaint No. 122707: The committee completed its final Report and Recommendation for complaint 122707 during the reporting period. The complaint involved an allegation that a CTA officer violated the rule against nepotism under section 2.14 of the Ethics Code when his relative was promoted into a manager's position under the officer's chain of command. In response to the allegation, CTA management conducted a reorganization whereby the relative was no longer in the chain of command of the officer. Following an investigation, the committee found that a nepotism violation of the Ethics Code had occurred, but that there was no animus or intent to violate the Ethics Code. The committee agreed that the corrective action taken by management was sufficient, and recommended that no further action be taken on this complaint. The Transit Board's concurrence on the Ethics Committee's Report and Recommendation for complaint 080307 is expected to occur in 2010.

Complaint No. 041808: The committee completed its final Report and Recommendation for complaint no. 041808 during the reporting period. The complaint involved an allegation that a CTA officer violated the rule against nepotism under section 2.14 of the Ethics Code when the officer was promoted to a position whose chain of command covered four relatives, two of whom were managers, and two of whom were line employees covered by a collective bargaining agreement. In response to the allegation, CTA management conducted a reorganization such that the two related managers were no longer in the chain of command of the officer. Following an investigation, the committee found that nepotism violations of the Ethics Code had occurred with respect to the four relatives, but that there was no animus or intent to violate the Ethics Code. The committee agreed that the corrective action taken by management with respect to the two managers was sufficient, and recommended that no further action be taken on this complaint. With respect to the two line employees, the committee recommended no further action be taken on the complaint, but that the Transit Board amend section 2.14 of the Ethics Code to ensure that CTA officers and employees do not violate the nepotism rule when a relative exercises rights under a collective bargaining agreement and thereby becomes employed in a CTA department in which the CTA officer or employee serves. On October 21, 2009, the Transit Board acted on the recommendation and amended section 2.14 of the Ethics Code. The Transit Board's concurrence on the Ethics Committee's Report and Recommendation for complaint 041808 is expected to occur in 2010.

Complaint No. 042508: The committee concluded its final Report and Recommendation for complaint 042508 during the reporting period. The complaint involved an allegation that a CTA manager violated the rule against nepotism under section 2.14 of the Ethics Code when his relative was promoted into the manager's chain

of command. While the complaint was pending, the manager retired from the CTA. Following an investigation, the committee found that a nepotism violation of the Ethics Code had occurred, but that there was no animus or intent to violate the Ethics Code. The committee agreed that the retirement of the manager cured the violation, and recommended that no further action be taken on this complaint. The Transit Board's concurrence on the Ethics Committee's Report and Recommendation for complaint 080307 is expected to occur in 2010.

FOR MORE INFORMATION

Ethics Committee staff are available to answer questions about the Committee and its work. The Ethics Committee receives mail at the Office of the Secretary, 567 W. Lake Street, Chicago, IL 60661.

To file a complaint or request for advisory opinion, or to obtain copies of public documents or meeting minutes, please contact **Gregory Longhini** in the Secretary's Office, at glonghini@transitchicago.com or at (312) 681-5022.

To obtain guidance about a routine question under the Ethics Code, please contact **Stephen L. Wood** in the CTA Law Department, at swood@transitchicago.com or at (312) 681-2924.

APPENDICES TO 2009 ANNUAL REPORT

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Appendix I – Meeting Minutes of 2009 Ethics Committee Meetings

**Appendix II – Certified List of CTA Employees Required to File 2009
Statement of Financial Interest**

**Appendix III – Inspector General’s Audit of 2008 Statement of Financial
Interest Filings**

Appendix IV – 2009 Presentation for Ethics Training

Appendix V – FAQs (Frequently Asked Questions)

FAQs — Frequently Asked Questions.

Compiled below are examples of questions received, and advice given, by the Ethics Advisor during 2009. The examples included here are for educational purposes only – they are not intended to constitute legal advice and may not be relied upon by anyone other than the specific persons who were involved.

If you have a question about the applicability of the Ethics Code, please contact the Ethics Advisor, **Stephen L. Wood**, in the CTA's Law Department, at (312) 681-2924 or via email at swood@transitchicago.com.

Political Activity

The CTA Ethics Code prohibits CTA employees from performing prohibited political activity during compensated time or from requiring any other CTA employee to do so. The Code does not prohibit political activities of CTA employees on non-compensated time. The Code incorporates the federal Hatch Act, which has the effect of prohibiting CTA employees from being candidates for public office in partisan elections. See section 2.15 of the Code.

Question 1: May a current CTA employee be a candidate for Mayor of Itasca, Illinois in a contested election?

Advice: Yes. Because the election is non-partisan, a CTA employee would be permitted to run for office during the employee's non-compensated time. Section 19 of the MTA Act, however, restricts any CTA employee from earning more than \$15,000 per year from another government employer. If the mayor's position pays a salary, the CTA employee would be prohibited from accepting payment in excess of the statutory limit.

Question 2: May a CTA employee, as part of his official duties, expend CTA funds in connection with lobbying U.S. Congressional staff on transit issues related to the CTA?

Advice: Yes. The Ethics Code does not restrict the CTA's expenditure of funds on travel, hotel and transportation expenses involved in hosting a delegation of staff members from the offices of local members of the House and Senate in connection with discussions with the CTA on issues of funding.

Question 3: May a CTA employee serve on a committee connected to the election bid of a political candidate?

Advice: Yes, assuming any work performed on behalf of the candidate is performed on the employee's own time and off of CTA premises. In addition, section 2.15(h) prohibits an employee with contract management authority from serving on any political fundraising committee, and thus the employee in question would need to ensure that the committees were not involved in fundraising if the employee had contract management authority.

Question 4: Does the Ethics Code prohibit a potential Transit Board appointee from (1) working as a lobbyist; and (2) having a contract to provide services or consulting work to a State agency?

Advice: Yes. State law prohibits a registered lobbyist from serving on a board authorized or created by State law (25 ILCS 170/1), which includes the Transit Board. In addition, section 2.18 of the Ethics Code prohibits a person from serving on the Transit Board if he or she (1) is entitled to receive more than 7 ½% of the total distributable income under a State contract ; or (2) the person and his or her spouse or any immediate family member living with the person is entitled to receive more than 15% in the aggregate of the total distributable income under a State contract.

Gift Ban

Under the Gift Ban of the Ethics Code, CTA employees are prohibited from accepting any gift from a prohibited source. A "gift" is defined as anything of value, including free or discounted tickets, meals, or any other tangible or intangible item. A prohibited source includes someone who does, or seeks to do, business with the CTA, and therefore covers all existing or proposed vendors. See section 2.4 of the Code.

Question 1: Can a CTA employee accept payment from a public transit association for the employee's travel and hotel expenses for a trip to attend a conference sponsored by the association where the employee would be representing the CTA on CTA business?

Advice: Yes. The payment of the employee's travel expenses is not considered a prohibited gift. First, the public transit association is not a prohibited source because it does not do business with the CTA. Second, even if the association were a prohibited source, section 2.4(b)(5) of the

Ethics Code provides an exception to the gift ban for “[t]ravel expenses for a meeting to discuss CTA business.”

Question 2: Can a CTA employee accept a \$50 gift card awarded by random drawing to certain customers of a CTA vendor who filled out the vendor’s customer satisfaction survey?

Advice: Yes. If an employee were to win the random drawing, accepting the gift card would not violate the Ethics Code. Although the vendor is a prohibited source because it does business with the CTA, the gift card (if awarded) would fall within the exception under section 2.4(b)(12) for an “item or items from any one prohibited source during any calendar year having a cumulative total value of less than \$100.”

Question 3: Does the Ethics Code prohibit a film festival with whom the CTA has a co-promotion agreement from providing free tickets to the CTA for its opening night party and its film events?

Advice: No. Even though the film festival is a prohibited source, the free tickets would be permitted under section 2.4(b)(12), which permits an “item or items from any one prohibited source during any calendar year having a total cumulative value of less than \$100.”

Question 4: A tenant of the CTA’s headquarters occasionally engages in promotions whereby free coffee and fountain beverages are provided to CTA employees; does this practice violate the gift ban provisions of the Ethics Code?

Advice: No. Although the tenant is a prohibited source because it leases space in the headquarters building (and therefore does business with the CTA for purposes of the Code), the free beverages offer is made available to any member of the public as well as to CTA employees who work in the headquarters building. Items available generally to the public are excluded from the gift ban under the Ethics Code pursuant to section 2.4(b)(1). In addition, under section 2.4(b)(12), an “item or items from any one prohibited source during any calendar year having a total cumulative value of less than \$100” are excluded from the gift ban.

Question 5: Is there a violation of the gift ban if a sandwich vendor offers to provide CTA employees with free sandwich samples in the lobby of the headquarters?

Advice: No. First, the sandwich vendor does not lease space from the CTA or otherwise do business with the CTA, and therefore it is not a prohibited source.

Second, even if it were a prohibited source, the gift ban excludes food or refreshments not exceeding \$50 per person per day, and thus the free samples of sandwiches would be permitted.

Question 6: May a CTA employee accept a complimentary invitation to a charity golf outing from a current CTA vendor?

Advice: Yes, but only if the fair market value of the golf outing is under \$100. If the fair-market value of the golf outing exceeds \$100 (the monetary limit found in exception 2.4(b)(12) for “item or items from any one prohibited source during any calendar year having a total cumulative value of less than \$100”), then the gift would not fall within any exception under section 2.4(b) and would be prohibited.

Question 7: Can a vendor pay the travel expenses for two CTA employees to travel to the vendor’s factory facility to conduct an inspection of equipment being purchased by the CTA?

Advice: Yes. While the vendor is a prohibited source under the gift ban, the gift ban (section 2.4(b)(5)) permits the payment of travel expenses to CTA employees who travel for a meeting to discuss CTA business.

Question 8: Does the Ethics Code prohibit the CTA from reimbursing CTA employees for meal expenses incurred during meetings with third parties?

Advice: The gift ban does not restrict the CTA’s expenditure of funds to reimburse its own employees for expenses incurred in conducting their job duties.

Question 9: Can a CTA employee attend a charity cocktail party or a business networking event as a guest of the vendor who is one of the underwriters of the event?

Advice: Yes. Although section 2.4 prohibits a CTA employee from accepting anything of value from a vendor (a “prohibited source”), here the gift could be accepted under exception 2.4(b)(8). To qualify, the food and refreshment at issue would have to be valued at under \$50 per person and would have to be consumed on the premises on the day of the event.

Question 10: Does the Ethics Code prohibit CTA employees from accepting free PDA applications (“apps”) valued at \$1 to \$2 each from a potential vendor who is using CTA data to build the apps? Also, the CTA employees would use the vendor’s non-CTA apps to analyze the vendor’s software model and the quality of the apps’ functions.

Advice: No. First, under section 2.4, the CTA employees are using the apps to perform research and analysis as part of their CTA job functions, rather than accepting them as personal gifts. Even if they were, the vendor would not be considered a prohibited source because it does not meet the definition of that term (a series of contracts or agreements totaling \$10,000 over a consecutive 12 month period). And even if it did, the value of the apps is so low that the apps could be accepted as personal gifts from a prohibited source under section 2.4(b)(9) (item or items from a prohibited source during any calendar year not exceeding \$100).

Financial Disclosure Form

Certain CTA employees and officers are required to file an annual Statement of Financial Interest with the Secretary of the Transit Board. It is the CTA's policy that all employees at Band Level G or above (Level F or above in Purchasing) be required to file financial the Statement of Financial Interest. See section 3.1 to 3.6 of the Code.

Question 1: Must a CTA employee report on his Statement of Financial Interest form (section 3.2(b)) the interest of his spouse, who is a partner in a large law firm that may do business with the CTA, even if the spouse does not perform any work directly for the CTA?

Advice: No. Section 3.2(b) requires the disclosure of the nature of any professional services rendered by any entity in which the spouse has a "financial interest" if the entity does business with the CTA. However, section 1.1(v) excludes from the definition of "financial interest" the "interest of the spouse or domestic partner of an officer or employee which interest is related to the spouse's or domestic partner's independent occupation, profession or employment." Thus, for purposes of section 3.2(b), the spouse does not have a financial interest in the law firm that may be doing business with the CTA because her only interest is related to her independent occupation.

Question 2: Does a CTA employee have to report on her Statement of Financial Interest an inheritance of stock from her parent's estate?

Advice: No. The Statement of Financial Interest requests information solely on capital gains in excess of \$5,000. Because the employee merely inherited the stock and did not sell it or otherwise realize any capital gain or loss, there was no need to report the asset on the form.

Question 3: Does the Statement of Financial Interest require disclosure of a capital gain in excess of \$5,000 if the investment in question was stock in a publicly traded corporation?

Advice: Yes. Under section 3.2(c), the employee must disclose the identity of the capital asset from which a capital gain was realized in the amount of \$5,000 or more in the prior year, regardless of whether the investment is publicly-traded stock.

Post-employment Restrictions

CTA employees are prohibited for a period of one year from assisting or representing a new employer in any matter involving the CTA if the employee participated personally and substantially in the same subject matter, work or function. If the employee exercised contract management authority with respect to a contract, the bar is for the life of the contract rather than merely one year. See section 2.11 of the Code.

Question 1: Do the restrictions under section 2.11 of the Ethics Code apply if the former CTA employee wants to become employed by either a governmental agency or non-profit organization?

Advice: Post-employment restrictions apply to for-profit and non-profit employers under section 2.11(b), but there is an exception for government employers. Under section 2.11(c), the restrictions do not apply to any former employee “who is acting within the scope of his/her employment while employed with any other governmental unit.”

Question 2: May the CTA rehire a retired CTA employee as an independent contractor to work in the same subject matter, work or function that the employee performed prior to his retirement from the CTA?

Advice: Yes. The Ethics Code does not restrict the CTA’s ability to re-hire a former employee as an independent contractor for the CTA. The former employee would not be adverse to the CTA, but rather would have a direct relationship with the CTA, and thus no violation of the Ethics Code would be found. The post-employment restriction under section 2.11 arises when the former CTA employee is now employed by a third party, and the third party wants to use the CTA employee for its own benefit on a CTA project within one year of the employee’s departure.

Question 3: May a departing CTA employee interview with an investment company that does business with the CTA, but for a position that would not involve work on any CTA matter?

Advice: Yes. The post-employment restriction under section 2.11(b) permits a CTA employee to work for a new employer who does or seeks to do business with the CTA on any matter for the new employer except one involving the CTA and which involved the same subject matter, work or function. A former CTA employee could become an employee of a company that does business with the CTA, so long as he does not work on any CTA matters for one year.

Question 4: May a former CTA employee work for new employer and assist the employer in negotiating a contract with the CTA similar to one he negotiated on behalf of the CTA while he was a CTA employee?

Advice: No. A former CTA employee could not work for a new employer on a similar contract to the one he negotiated for the CTA while he was a CTA employee. The prohibition is for a period of one year on issues involving the same subject matter, work or function.

Question 5: May a former CTA employee accept employment with a company that does business, or will seek to do business, with the CTA, even if the employee left the CTA on a non-voluntary basis?

Advice: The reason the employee departed the CTA is not relevant to whether the Code applies; the post-employment restrictions of section 2.11(b) apply to all CTA employees regardless of the reason for departure. The employment restrictions of section 2.11(b), however, do not restrict a former employee's ability to work for a current CTA vendor on other projects unrelated to the vendor's work for the CTA.

Conflict of Interest

Generally, a CTA employee is prohibited from making or participating in the making of any CTA decision with respect to any matter in which the CTA employee has an economic interest distinguishable from the general public. In addition, no CTA employee with a title of "manager" or above, and no relative of such an employee, is permitted to have an interest in an entity that does or seeks to do business with the CTA if that interest permits the employee or relative to affect or influence the past, present or future financial condition of the entity. With respect to CTA contracts, no employee is permitted to participate directly or indirectly in

the selection, award or administration of a CTA contract if a real or apparent conflict of interest exists; a conflict of interest is presumed to exist for purposes of that rule if the employee, the employee's relative, or close associates or future employers of them, have a financial interest in the entity selected for the award. Finally, CTA employees are not permitted to hold a financial interest in any CTA contract, work or business of the CTA.

Question 1: May a CTA employee develop a transit-specific computer program on his own time, allow the CTA to use the program for free, and then attempt to sell the program to other transit agencies for a fee?

Advice: No. The CTA would not use the employee's computer program without entering into a contract with the employee, even if the program were being offered at no cost, and thus the employee would be in violation of section 2.8(e). Section 2.8(e) prohibits a CTA employee from having a financial interest in an entity selected for an award, and thus would be violated if the CTA entered into a contract with the employee. There is an additional potential conflict because the CTA's use of the computer program will provide an economic value to the developer (by working out problems and quirks in the software) and thereby would bolster the value of the program when marketed to the other transit agencies.

Question 2: Does the Ethics Code permit a current CTA vendor to provide pro bono services to assist the CTA in developing a business case for a construction project and then allow the vendor to bid on the same project if an RFP resulted from the pro bono work?

Advice: No. While the current vendor would be permitted to offer pro bono services to the CTA, that vendor would not be permitted to bid on any actual construction project that would result from such work. Not only would there be an apparent conflict of interest from such activity, but federal regulations governing capital projects funded with federal monies prohibit the same contractor from both developing specifications for a capital construction project and also bidding on the same project.

Question 3: Must a CTA vendor report ownership interests in the vendor held by former CTA employees?

Advice: No. There is no provision in the Ethics Code that requires a vendor, or a potential vendor, to disclose ownership interests held in the vendor by former CTA employees, although such interests held by current CTA employees must be disclosed on the CTA employee's annual Statement of Financial Interest. In

addition, former employees must abide by the one-year prohibition on assisting or representing the new employer under section 2.11.

Question 4: Does the Ethics Code prohibit a CTA employee from serving on the board of a non-profit whose principal aim is to negotiate a contract with the CTA to install “mobile gardens” on flatbed train cars to be added to CTA rapid transit trains in order to raise awareness about environmental issues?

Advice: Yes. Section 2.9 of the Ethics Code prohibits a CTA employee from representing any person or entity other than the CTA in any negotiation or transaction with the CTA in which the CTA’s action or non-action is of a non-ministerial nature. While the employee can serve on the group’s board, the employee cannot be involved in the negotiation of the group’s agreements with the CTA.

Question 5: Does the Ethics Code prevent a CTA executive from contacting engineering firms and contractors to see if they would be willing to provide part-time employment to current CTA employees (engineers) to make up for salary lost due to the mandatory furlough program?

Advice: Yes. There would be an appearance of impropriety if a CTA executive contacted current or potential CTA vendors to solicit additional work for CTA employees affected by the furlough program. While the current CTA employees themselves can engage in secondary employment if they abide by the requirements for such employment and take employment solely from firms that do not do or seek to do business with the CTA, CTA managers should not assist or otherwise communicate with current or potential CTA vendors regarding such employment.

Question 6: Does the Ethics Code prevent a CTA employee from being used as a reference by a former CTA vendor who is submitting a bid for new work with the CTA?

Advice: No. There are no provisions in the Ethics Code that would prohibit a CTA employee from being used as a reference from a prior vendor who is seeking new business, provided the employee is not benefiting from serving as a reference (i.e., employee has no economic interest in the vendor, is not receiving anything of value for the reference, etc.).